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REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS

Proposed programme budget outline for the biennium 1996-1997

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposed programme budget outline for the biennium 1996-1997 (A/49/310).

2. Paragraphs 1 to 3 of the report contain a reference to General Assembly resolution 41/213 of 19 December 1986, which stipulates, inter alia, the four necessary elements to be reflected in a budget outline, and also contains other introductory information. As indicated in paragraph 2 of the report, the budget outline has been prepared on the basis of the methodology approved by the Assembly in its resolution 47/213 of 23 December 1992.

3. As indicated in paragraph 4 of the report, the preliminary estimate of resources for the biennium 1996-1997, calculated at the initial 1994-1995 rates, amounts to $2,574 million, which is $6.2 million, or 0.2 per cent, less than the initial appropriations for the biennium 1994-1995 and is $85.1 million, or 3.2 per cent, less than the anticipated revised appropriations for 1994-1995. The Advisory Committee points out, however, that the budget outline was prepared in July-August 1994, when the anticipated revised appropriations for 1994-1995 reflected the Secretary-General's best judgement at that time. Now, in his first performance report on the programme budget for the biennium 1994-1995 (A/49/7/Add.8), the Secretary-General proposes revised appropriations in the amount of $2,559.2 million. Compared with this revised appropriation, the proposed budget outline of $2,574.0 million represents an increase of $14.8 million, or 0.6 per cent.

4. The table in paragraph 5 of the report contains a summary of the preliminary estimates. The Advisory Committee requested an update of the

estimated impact on the budget outline of the statements of programme budget implications and revised estimates that have been considered or are awaiting consideration at the forty-ninth session of the General Assembly ($78.9 million as reflected in the table). The Committee was informed that the related costs are now estimated at $57.5 million. The reduction of $21.4 million is attributable mostly to the United Nations Observer Mission in South Africa (UNOMSA) and the International Civilian Mission in Haiti (MICIVIH). The Committee notes that these reductions will not have an impact on the level of the budget outline since provision for UNOMSA and MICIVIH has not been included in the outline (see A/49/310, para. 6).

5. In paragraph 7 of his report, the Secretary-General indicates that net additional requirements of $6.0 million are foreseen, which relate to a number of activities of the Organization, including backstopping of peace-keeping operations. The Advisory Committee was informed that additional requirements related to backstopping of peace-keeping operations are estimated at $5 million. The Committee inquired as to the rationale for including a provision for growth in the regular budget resources programmed for backstopping of peace-keeping operations. The Committee was informed that, in his report on the support account for peace-keeping operations (A/49/717), the Secretary-General had attempted to address the issue of the involvement of the regular budget in support of peace-keeping activities; more specifically, in paragraphs 30 and 31 thereof the Secretary-General sets forth the requirements of the Organization in order to have a basic and permanent capability to address peace-keeping issues and indicates that additional requirements will be proposed in the context of his budget proposal for 1996-1997. In this connection, the Committee reiterates its view reflected in paragraph 5 of its report (A/49/778), i.e., that "the analysis of the criteria for deciding on how support activities are to be financed should be considered thoroughly in all its aspects, including various options to be considered". The Committee intends to consider the question of backstopping of peace-keeping operations during its February 1995 session. The Secretary-General, when preparing his proposed programme budget for the biennium 1996-1997, should base his request on such decisions as the General Assembly takes on the question of criteria for sharing the costs of backstopping peace-keeping operations.

6. The Advisory Committee was informed that for the purpose of estimating the budget outline, the vacancy rate for posts in the Professional category was calculated at 6.0 per cent and for posts in the General Service category at 0.8 per cent. However, more recent information provided indicates the actual vacancy rate as at 1 December 1994 for posts in these two categories at 6.3 and 1.5 respectively. The Committee intends to pay particular attention to the vacancy rate when it examines the proposed programme budget for the biennium 1996-1997.

7. As indicated in paragraph 11 of the report of the Secretary-General (A/49/310), the preliminary estimates do not contain provision for inflation or for anticipated effects resulting from currency fluctuation in 1996-1997. Following the past practice, however, it is necessary to take into account updated forecasts for inflation for the next biennium and the latest available rates of exchange. According to information provided by the Secretary-General,

adjustment to revised 1994-1995 rates would require a reduction of $25.6 million. However, the subsequent adjustment to 1996-1997 rates would require an additional $201.7 million.

8. Taking into account the above, the total preliminary estimate at 1996-1997 rates recommended by the Advisory Committee amounts to $2,750.1 million, as follows:

		Millions of United States dollars
1.	Secretary-General's preliminary estimate at initial 1994-1995 rates	2 580.2
2.	Projected implications of General Assembly decisions at the forty-ninth session	57.5
3.	Recosting at revised 1994-1995 rates (rates assumed in the first performance report)	(25.6)
	Subtotal: projected revised appropriations 1994-1995	2 612.1
4.	Provisions not required in 1996-1997	(69.7)
5.	Additional 1996-1997 requirements	6.0
6.	Recosting at 1996-1997 rates	201.7
	Total: preliminary estimates at 1996-1997 rates	2 750.1

9. The size of the contingency fund is discussed in paragraph 14 of the report of the Secretary-General (A/49/310). As stated therein, the size of the contingency fund, initially set at 0.75 per cent of the overall level of resources, has so far proved to be adequate to accommodated additional expenditures derived from legislative mandates not provided for in the programme budget. The Secretary-General therefore recommends that the level of the fund be maintained at 0.75 per cent of the preliminary estimates for the biennium 1996-1997. The Advisory Committee supports the Secretary-General's proposal and recommends that the contingency fund be set at $20.6 million.

10. The Advisory Committee requests the Secretary-General to submit, in the context of his proposed programme budget for the biennium 1996-1997, information on the nature of expenses charged to the contingency fund so far, in order to enable the Committee to review procedures for the use, operation and level of the fund.